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APPROVAL OF UNDP ASSISTANCE TO A PROJECT OF MALAYSIA

IPF:(1987-91) $8 860 000

(MAL/89/012) - Upgrading Plastics Technology Centre - Technical Support Capabilities

Date of approval by the AC:[1/]	20 March 1991
Expected duration:	Two years and six months
Proposed executing agency:	National Execution by the Standards and Industrial Research Institute of Malaysia (SIRIM)
Government implementing agency:	SIRIM - Plastics Technology Centre (PTC)
Proposed UNDP contribution:	$337 500 Source of funds: IPF
Total UNDP budget:	$337 500

Project background

The plastics processing industry in Malaysia has developed rapidly with annual growth rates of about 25 percent in the last ten years and present investment of more than $800 million. There are about 700 plastics processing factories in Malaysia employing 38,800 workers. Notwithstanding the commendable growth, the share of the plastics industry in the manufacturing production is still only about two percent. The value of locally produced plastic products was MR1.5 bn (US$556 m) in 1990, imports were around the same figure, and exports insignificant. Against this background, it is apparent that the full potential of the plastics industry has yet to be tapped.

The Industrial Master Plan (IMP), which was prepared with UNDP assistance (MAL/79/001) in 1986 and adopted by the Government as a basis for the industrialization policy (up to Year 2000), recommended implementation of projects where the potential demand for plastics and resins is expected to be high. A task force on the development of the chemical industry which was established in June 1986 extensively discussed the problems faced by the local plastics fabrication industry, and called for policy measures to encourage the plastics manufacturers to upgrade their existing facilities to produce higher value added products, as well as intensified research and training efforts to assist the industry in adopting new technology and developing new products.

[1/] This Fact Sheet reflects the status of the project/revision at the time it was approved by the Action Committee; modifications to the project/revision may have occurred subsequently.

Problems usually faced by the local plastics processing industry include: (a) low productivity; (b) high level of rejects and defective parts; (c) poor product finishing operations; (d) lack of technical information; and (e) insufficient R&D. SIRIM is the main institution assisting the plastics industry in enhancing its technical capabilities. Within SIRIM, the Plastics Technology Centre (PTC), established in 1987, is the specialized technical centre for assistance to plastics manufacturers. However, the PTC does not have sufficient technical capabilities in the area of plastics injection moulding, post-finishing/decorating, quality management as well as in R&D. The PTC staff would need on-the-job training and exposure to related institutions abroad to increase their knowledge and capability to assist the industry.

Description of project

The project aims to enhance the capabilities of the Sirim Plastics Technology Centre to better meet the technical assistance needs of the Malaysian plastics manufacturers. During the project, the PTC staff will carry out productivity and quality improvement programmes in 10 selected companies. The PTC will be assisted and advised by external consultants, but the lead role in the project will be played by the PTC staff. Thus, the basic project strategy is to enhance the technical capacity of the PTC staff and expand their work to other companies at a later stage. The work done with the 10 selected companies may be seen as a pilot project to determine the way in which the PTC will assist industry in the future.

Project activities will include: (a) enabling the PTC staff to acquire technical capabilities in the areas of plastic injection moulding (precision parts), post-finishing/decorating and quality management; (b) enhancing PTC's R & D capabilities to carry out research for outdoor exposure of plastics and development of specialty plastics; (c) reducing to 2-4 percent rejection rates for precision injection moulded parts produced by a selected group of 10 local manufacturers; (d) reducing to 5-10 percent rejection rate of decorated plastics parts and (e) enabling the PTC staff to enforce quality control procedures at all stages of plastics processing.

Inputs

UNDP will provide internationally recruited short-term consultants for a total of 27 man-months in plastics processing, plastics finishing, quality management for plastics products, plastics weathering research, plastics injection moulding, and plastics information; five fellowships for a total of eight man-months and study tours for 3.5 man-months, and miscellaneous costs.

Financial data

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Personnel	270000
Training	62500
Miscellaneous	5000
Total	337 500